

**Office of Asst. Sec. for Housing, HUD**

**Pt. 3500, App. E**

[61 FR 58477, Nov. 15, 1996]

**APPENDIX E TO PART 3500—ARITHMETIC STEPS**

*I. Example Illustrating Aggregate Analysis:*

**ASSUMPTIONS:**

**Disbursements:**

\$360 for school taxes disbursed on September 20

\$1,200 for county property taxes:

\$500 disbursed on July 25

\$700 disbursed on December 10

Cushion: One-sixth of estimated annual disbursements

Settlement: May 15

First Payment: July 1

**STEP 1—INITIAL TRIAL BALANCE**

	Aggregate		
	pmt	disb	bal
Jun .....	0	0	0
Jul .....	130	500	– 370
Aug .....	130	0	– 240
Sep .....	130	360	– 470
Oct .....	130	0	– 340
Nov .....	130	0	– 210
Dec .....	130	700	– 780
Jan .....	130	0	– 650
Feb .....	130	0	– 520
Mar .....	130	0	– 390
Apr .....	130	0	– 260
May .....	130	0	– 130
Jun .....	130	0	0

**STEP 2—ADJUSTED TRIAL BALANCE**

[Increase monthly balances to eliminate negative balances]

	Aggregate		
	pmt	disb	bal
Jun .....	0	0	780
Jul .....	130	500	410
Aug .....	130	0	540
Sep .....	130	360	310
Oct .....	130	0	440

**STEP 1—INITIAL TRIAL BALANCE**

	Single-item					
	Taxes			School taxes		
	pmt	disb	bal	pmt	disb	bal
June .....	0	0	0	0	0	0
July .....	100	500	– 400	30	0	30
August .....	100	0	– 300	30	0	60
September .....	100	0	– 200	30	360	– 270
October .....	100	0	– 100	30	0	– 240
November .....	100	0	0	30	0	– 210
December .....	100	700	– 600	30	0	– 180
January .....	100	0	– 500	30	0	– 150
February .....	100	0	– 400	30	0	– 120
March .....	100	0	– 300	30	0	– 90
April .....	100	0	– 200	30	0	– 60
May .....	100	0	– 100	30	0	– 30
June .....	100	0	0	30	0	0

**STEP 2—ADJUSTED TRIAL BALANCE—Continued**

[Increase monthly balances to eliminate negative balances]

	Aggregate		
	pmt	disb	bal
Nov .....	130	0	570
Dec .....	130	700	0
Jan .....	130	0	130
Feb .....	130	0	260
Mar .....	130	0	390
Apr .....	130	0	520
May .....	130	0	650
Jun .....	130	0	780

**STEP 3—TRIAL BALANCE WITH CUSHION**

	Aggregate		
	pmt	disb	bal
Jun .....	0	0	1040
Jul .....	130	500	670
Aug .....	130	0	800
Sep .....	130	360	570
Oct .....	130	0	700
Nov .....	130	0	830
Dec .....	130	700	260
Jan .....	130	0	390
Feb .....	130	0	520
Mar .....	130	0	650
Apr .....	130	0	780
May .....	130	0	910
Jun .....	130	0	1040

*II. Example Illustrating Single-Item Analysis*

**ASSUMPTIONS:**

**Disbursements:**

\$360 for school taxes disbursed on September 20

\$1,200 for county property taxes:

\$500 disbursed on July 25

\$700 disbursed on December 10

Cushion: One-sixth of estimated annual disbursements

Settlement: May 15

First Payment: July 1

## STEP 2—ADJUSTED TRIAL BALANCE (INCREASE MONTHLY BALANCES TO ELIMINATE NEGATIVE BALANCES)

	Single-item					
	Taxes			School taxes		
	pmt	disb	bal	pmt	disb	bal
Jun .....	0	0	600	0	0	270
Jul .....	100	500	200	30	0	300
Aug .....	100	0	300	30	0	330
Sep .....	100	0	400	30	360	0
Oct .....	100	0	500	30	0	30
Nov .....	100	0	600	30	0	60
Dec .....	100	700	0	30	0	90
Jan .....	100	0	100	30	0	120
Feb .....	100	0	200	30	0	150
Mar .....	100	0	300	30	0	180
Apr .....	100	0	400	30	0	210
May .....	100	0	500	30	0	240
Jun .....	100	0	600	30	0	270

## STEP 3—TRIAL BALANCE WITH CUSHION

	Single-Item					
	Taxes			School taxes		
	pmt	disb	bal	pmt	disb	bal
Jun .....	0	0	800	0	0	330
Jul .....	100	500	400	30	0	360
Aug .....	100	0	500	30	0	390
Sep .....	100	0	600	30	360	60
Oct .....	100	0	700	30	0	90
Nov .....	100	0	800	30	0	120
Dec .....	100	700	200	30	0	150
Jan .....	100	0	300	30	0	180
Feb .....	100	0	400	30	0	210
Mar .....	100	0	500	30	0	240
Apr .....	100	0	600	30	0	270
May .....	100	0	700	30	0	300
Jun .....	100	0	800	30	0	330

[59 FR 53908, Oct. 26, 1994, as amended at 60 FR 8816, Feb. 15, 1995. Redesignated at 61 FR 58479, Nov. 15, 1996; 73 FR 68259, Nov. 17, 2008]

## APPENDIX MS-1 TO PART 3500

[Sample language; use business stationery or similar heading]

[Date]

## SERVICING DISCLOSURE STATEMENT NOTICE TO FIRST LIEN MORTGAGE LOAN APPLICANTS: THE RIGHT TO COLLECT YOUR MORTGAGE LOAN PAYMENTS MAY BE TRANSFERRED

You are applying for a mortgage loan covered by the Real Estate Settlement Procedures Act (RESPA) (12 U.S.C. 2601 *et seq.*). RESPA gives you certain rights under Federal law. This statement describes whether the servicing for this loan may be transferred to a different loan servicer. “Servicing” refers to collecting your principal, interest, and escrow payments, if any, as well as sending any monthly or annual statements, tracking account balances, and handling other aspects of your loan. You will be given advance notice before a transfer occurs.

*Servicing Transfer Information*

[We may assign, sell, or transfer the servicing of your loan while the loan is outstanding.]

[or]

[We do not service mortgage loans of the type for which you applied. We intend to assign, sell, or transfer the servicing of your mortgage loan before the first payment is due.]

[or]

[The loan for which you have applied will be serviced at this financial institution and we do not intend to sell, transfer, or assign the servicing of the loan.]